

## Development of 2004-06 Operating and Capital Recommendations

Over the next three council meetings, with final action at the November council meeting, several discussion items and action items related to the development of the 2004-06 budget recommendations will be presented to the council. On page 31 is an overview and timeline of items related to the budget recommendation process that will be presented during the May, July, September, and finally the November council meetings.

### *Summary and Status of Budget Recommendation Process*

#### Operating Budget

- **Possible changes to Benchmarks:** By agreement among the presidents through the *Points of Consensus* (adopted at the February council meeting), the benchmark funding model will be used to develop the 2004-06 operating budget recommendation. The council president and institutional presidents agreed to review the benchmark selection process to determine if changes to benchmark institutions are appropriate. The council staff will work with institutional staff to make necessary changes prior to the development of the budget recommendations. The council staff will bring the resulting changes in benchmarking selections to the council at its July meeting.
- **Funding Objective - Measure of Central Tendency:** The council staff in consultation with institutional staff will propose a measure of central tendency (defined as an average of a set of observations such as mean, median, or percentile) to be used to determine the 2004-06 benchmark funding objective for each institution. Several measures will be calculated and discussed with the institutions and then presented to the council for discussion. After further discussion with the presidents and chief budget officers, the council staff will bring a recommendation on the 2004-06 measure of central tendency to the council for action. The council used the average of the 50<sup>th</sup>, 55<sup>th</sup>, and 60<sup>th</sup> percentile as the measure of central tendency to develop the 2002-04 operating budget recommendations.
- **Enrollment:** The council staff has discussed with institutional staff the use of estimated fall 2003 enrollment to calculate the institutions' 2004-

06 benchmark funding need. The institutions agreed to use the estimated enrollment for the calculations and will provide this information to the council staff through the comprehensive data base.

- **Special Funding Initiatives:** The council staff will discuss with institutional staff ways to improve the request and evaluation guidelines to be used for submission of special initiative requests for 2004-06. After the discussions with institutional staff, the council staff will bring a recommendation on the 2004-06 Special Funding Request Guidelines and Evaluation Criteria to the council for consideration.

### Capital

- **2004-06 Capital Planning:** The institutional and council staffs have developed the 2004-2010 Six-Year Capital Plan (see the agenda item beginning on page 93), which was submitted to the Capital Planning Advisory Board on April 15, 2003. Typically, the projects identified in the first two years (2004-06) of the six-year capital plan evolve into the capital projects request.
- **Capital construction priorities:** The council staff with input from institutional staff will develop a proposal for establishing the capital construction priorities. Following the discussions with the institutions, the council staff will bring a recommendation to the council for discussion and consideration.